



Transfer Pricing After April 1, 2026

Why Your FY 2025-26 Form 3CEB Still Files Under the 1961 Act

Section 536(5) of the Income-tax Act 2025 preserves the entire Chapter X framework (Sections 92 to 92F) for transactions undertaken on or before March 31, 2026. The October 31, 2026 deadline is closer than it looks.


GST 2026

TRANSFER PRICING

INCOME-TAX ACT 2025 TRANSITION

What Section 536(5) Actually Says

"the provisions of Chapter X shall continue to apply to any international transaction or specified domestic transaction undertaken on or before the 31st day of March, 2026 and to any proceeding arising therefrom."

 The test is the **TRANSACTION DATE** — not the assessment year, not the return filing date, not the assessment order date.

March 31, 2026

A transaction recorded on this date sits **inside the 1961 Act**.
The full Chapter X framework applies.

April 1, 2026 Onwards

A transaction on this date sits **inside the 2025 Act**. Successor Sections 165–175 govern from here.

Every transaction reported on a Form 3CEB for AY 2026-27 occurred in FY 2025-26 — so the **full 1961 Act TP framework applies** to it entirely.

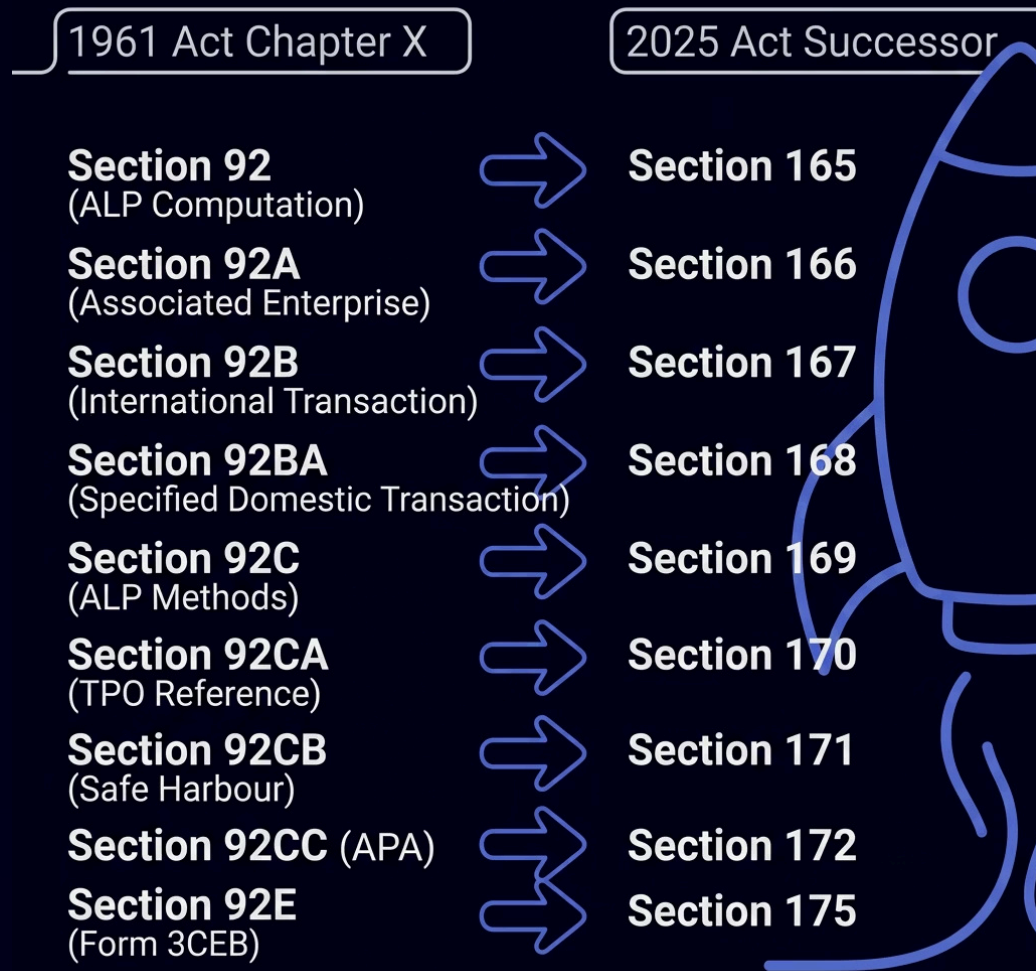
The FY 2025-26 TP Filing Calendar

Seven critical compliance filings span from September 2026 through March 2027. Missing any one of them triggers significant penalties under the 1961 Act framework.

Form / Return	Provision	Due Date	Penalty for Default
Form 3CD (Tax Audit)	Section 44AB	Sep 30, 2026	Section 271B: 0.5% of turnover, capped at Rs 1,50,000
Form 3CEB (TP Report)	Section 92E, Rule 10E	Oct 31, 2026	Section 271BA: Rs 1,00,000 flat per AY
Form 3CEAB (Master File CE notification)	Rule 10DA(4)	Oct 31, 2026	—
ITR-6 / ITR-3 / ITR-5	Section 139(1)	Oct 31, 2026	—
Form 3CEAA (Master File)	Section 92D(4), Rule 10DA	Nov 30, 2026	Section 271AA(2): Rs 5,00,000
Form 3CEAC (CbCR notification)	Section 286(1)	Jan 31, 2027	—
Form 3CEAD (Country-by-Country Report)	Section 286(2), Rule 10DB	Mar 31, 2027	Section 271GB: Rs 5,000–Rs 50,000 per day

Section-by-Section Preservation Map

Chapter X of the 1961 Act applies in full to FY 2025-26, then hands over to the 2025 Act from FY 2026-27. Each section has a direct successor.



The Governing Principle

The 1961 Act governs all transactions **on or before March 31, 2026**. Successor Sections 165 to 175 of the 2025 Act apply **only** to transactions on or after April 1, 2026.

i For AY 2026-27, no new Form 3CEB has been notified. The existing form under Section 92E continues to apply for FY 2025-26 filings.

Key Continuity Points

- APAs in force span the cutover unchanged
- Safe harbour rules (10TA to 10THD) remain operative
- TPO reference mechanism under 92CA remains binding on AO
- All 13 deemed limbs of Associated Enterprise definition preserved

The Five ALP Methods Hold (Section 92C)

All five transfer pricing methods under Rule 10B continue for AY 2026-27. The **+/- 3 percent tolerance band** (1 percent for wholesale traders) under the second proviso to Section 92C(2) and the **interquartile range** under Rule 10CA(4) both continue unchanged.

1

CUP – Comparable Uncontrolled Price

Rule 10B(1)(a): Best where reliable internal or external comparables exist.

2

RPM – Resale Price Method

Rule 10B(1)(b): Distribution and marketing-only entities.

3

CPM – Cost Plus Method

Rule 10B(1)(c): Contract manufacturing, contract R&D, captive service providers.

4

PSM – Profit Split Method

Rule 10B(1)(d): Integrated transactions and intangibles.

5

TNMM – Transactional Net Margin Method

Rule 10B(1)(e): The most-used method in India – applied to the widest range of tested parties.

Master File and CbCR Thresholds (Unchanged)

Master File — Form 3CEAA

Rule 10DA(1) triggers when **all three** conditions are met:

Constituent Entity

The Indian entity is a constituent of an international group.

Revenue Threshold

Consolidated group revenue exceeds **Rs 500 crore** in the preceding year (FY 2024-25).


Transaction Threshold

Aggregate international transactions exceed **Rs 50 crore**
OR intangibles-related transactions exceed **Rs 10 crore**.

Country-by-Country Report — Form 3CEAD

Rule 10DB(6) triggers when consolidated group revenue exceeds **Rs 6,400 crore** (approximately EUR 750 million) in the preceding year.

Filed within 12 months of FY-end — so **March 31, 2027** for FY 2025-26.

 **Watch the test year:** The revenue limb tests the **immediately preceding** accounting year (FY 2024-25), not the current one. Verify your group's FY 2024-25 consolidated revenue now.

Penalty Exposure That Carries Over

All penalty provisions under the 1961 Act continue to apply to FY 2025-26 transactions and proceedings. The exposure is substantial – and cumulative.

Section 271BA

Non-filing of Form 3CEB

Rs 1,00,000 flat per AY

Section 271AA(1)

No TP documentation (Rule 10D)

2% of each transaction value

Section 271AA(2)

No Master File filed

Rs 5,00,000

Section 271G

Information not furnished in TP proceedings

2% of transaction value

Section 271GB

No CbCR or notification; inaccurate information

Rs 5,000–Rs 50,000/day; Rs 5,00,000 for inaccuracy

Section 270A

Under-reporting from TP adjustment

50% of tax; 200% for misreporting

✔ Section 273B reasonable-cause defence and Section 270AA immunity remain available for eligible cases.

Who This Hits and How

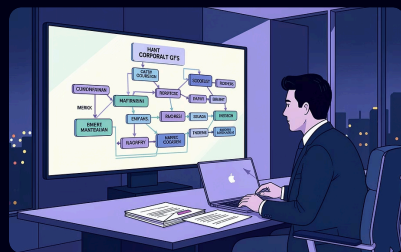
Three distinct stakeholder groups face direct compliance obligations under the preserved 1961 Act framework for FY 2025-26.



CAs and TP Partners

Every FY 2025-26 file must be benchmarked, documented, and signed under the 1961 Act. No new Form 3CEB has been notified for AY 2026-27.

Sequence TP work behind the September 30 tax audit to avoid bottlenecks in October.



Founders and CFOs of Indian MNEs

Captive IT subsidiaries, foreign-principal distributors, intra-group loans and guarantees, and SEZ inter-unit transfers all stay in the 1961 Act net for FY 2025-26.

APAs in force span the cutover unchanged.



Groups with SDT Exposure (Section 92BA)

SEZ plus non-SEZ inter-unit transfers above **Rs 20 crore aggregate** still need Form 3CEB reporting at arm's length. The specified domestic transaction rules remain fully operative for FY 2025-26.

The 8-Step Sprint Before October 31, 2026

A structured timeline to ensure full compliance with the 1961 Act TP framework for FY 2025-26 – from transaction inventory to final filing.



 **Talk to an Expert on your FY 2025-26 TP file.** CA Adityavikram Banka, Founder, A S Banka Advisors Private Limited.